

25 YEAR RE-REVIEW

3 April 1962

MEMORANDUM FOR: Acting Inspector General

SUBJECT : Scope of Responsibility of the Inspector
General in Conflict of Interest Matters

REFERENCE : Acting Inspector General's Oral Question,
30 March 1962

1. Conclusion: Based upon a close reading of the three relevant Regulatory provisions, I think that a reasonable interpretation is as follows: The Inspector General's responsibility is to investigate cases of apparent conflict of interest that come to his attention, through formal notice from a Deputy Director or in any other manner; the responsibility for avoiding conflicts of interest is imposed directly on the individual employee, both by Regulation and by the Criminal Code; the supervisor's responsibility derives from his general duty to see to it that Agency regulations are observed by his subordinates and from a specific obligation to report on apparent cases of conflict of interest; the duty of the General Counsel in this field is that of advising whether as a matter of law a given situation amounts to a conflict of interest; such advice may be given to the employee who submits a proposed course of action for comment, or to the supervisor, or, upon request made in the course of his own investigation, to the Inspector General.

2. Regulations: reads, in part, as follows:

"b. FUNCTIONS. The Inspector General shall:

"(1) * * * *

"(2) Be responsible for investigations of fraud, misuse of funds, conflicts of interest, and other matters involving misfeasance, malfeasance, nonfeasance, or violations of trust."

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a. [] entitled "Conflicts of Interest", 2 $\frac{1}{4}$ pp. long, states in Art. 2 that "each employee is personally responsible for ascertaining that any non-official activity or arrangement into which he enters is not prohibited by law or regulation affecting him as a Government employee"; also, (Art. 4) that employees are required to conduct themselves according to the highest ethical standards, in addition to observing the statutory restrictions. Art. 5 of this Regulation (entitled "Procedures for Approval of Exception") also provides a procedure whereby an employee, by submitting a request "through channels to the appropriate Operating Official", can obtain a determination whether a proposed activity is of such a nature as to be prohibited by the regulation. This determination is made by the Operating Official; if doubt exists concerning the legality of the proposed activity, the employee or his superiors may submit a written request for the opinion of the General Counsel, bearing indication ~~that~~ prior administrative approval of the activity by the appropriate Operating Official.

b. The Inspector General is first mentioned in this regulation in Art. 6, entitled "Reports". This Article reads as follows:

"6. REPORTS

"The Deputy Directors and the Special Assistant to the Director of Central Intelligence shall report immediately to the Inspector General and the General Counsel any situation in which:

- "a. An employee or former employee appears to be representing a private interest with respect to a matter in which confidence has been reposed in him as an employee, or
- "b. An employee appears to be violating any other provision of this regulation."

It is receipt of such a report that, it would seem, sets off the Inspector General's responsibility to investigate, as stated in []. But the responsibility of the General Counsel upon receipt of such a report is, on the other hand, not specifically covered but comes under his general duty to "advise and assist all officials and employees on legal matters arising in connection with the official business of the Agency and on all other matters involving the legal interpretation and significance of existing

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or pending legislation." [redacted] Art. 6 ("Reports") clearly refers to specific cases where there is ground for believing that a violation exists; similarly, [redacted] refers to "matters involving misfeasance, malfeasance," etc. In other words Art. 6 is the stage just before the Inspector General's jurisdiction is invoked.
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Remarks: Conflicts of Interest - Closing Memorandum			
<p>As I advised you, General Counsel's report to the DCI re consultants and conflicts of interest was ready for final typing on 29 March. Houston said that he would coordinate it by phone with Helms, DD/I and DD/S. The introductory paragraph states that the work was done by OIG and OGC. Herewith are the two files that have resulted from this work. Also herewith are three separate memoranda on the following:</p> <ol style="list-style-type: none"> 1. Scope of IG responsibility in conflict of interest matters. 2. Remarks by [redacted] to me, 23 Dec 59. 3. Termination of TSD's contract with [redacted] 			
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